

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS & FIRST-CLASS PACKAGE SERVICE
CONTRACT 2 (MC2018-120)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-163

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL EXPRESS &
FIRST-CLASS PACKAGE SERVICE CONTRACT 2,
FILED UNDER SEAL
(June 26, 2018)**

The Postal Service hereby provides notice that prices and terms under Priority Mail Express & First-Class Package Service Contract 2, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express & First-Class Package Service Contract 2 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days after the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Elizabeth A. Reed

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Washington, D.C. 20260-1137
(202) 268-3179
Elizabeth.A.Reed@usps.gov
June 26, 2018

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS &
FIRST-CLASS PACKAGE SERVICE CONTRACT 2**

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL EXPRESS
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract, Priority Mail Express & First-Class Package Service Contract 2/Docket No. CP2018-163 regarding Priority Mail Express and First-Class Package Service on December 27, 2017.

WHEREAS, the Parties desire to amend the terms in Section I.B, I.F, I.G (Tables D and E), and I.H (Tables 1 and 2), of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.F, Tables D and E in Section I.G, and Tables 1 and 2 in Section I.H, as follows.]

I. Terms

B. This Contract applies to Customer's outbound packages (collectively, "Contract Packages"), as follows:

1. Priority Mail Express packages [REDACTED]
[REDACTED]
2. Priority Mail Express Padded Flat Rate Envelopes; and
3. First-Class Package Service – Commercial packages [REDACTED]
[REDACTED]

F. From the effective date of this Amendment until June 30, 2018 ("Implementation Period"), and for the Contract Quarter following the Implementation Period, Customer will pay Tier 2 prices for its Priority Mail Express Contract Packages, pursuant to Table 2 below, and Tier 2 prices for its First-Class Package Service - Commercial Contract Packages, pursuant to Table 4 below. Customer will be

exempt from the minimum averages defined in Tables B and C during the Implementation Period. Following the Implementation Period, subsequent tier pricing for Customer's Contract Packages will be determined separately by product by the quarterly average of Total Packages for each respective product shipped during the term of this contract, not to include the Implementation Period. If the quarterly average of Total Packages of a product shipped falls below the minimum volume set for Tier 1 pricing for that product, the Postal Service at its sole discretion has the right to revert Customer to the most current Priority Mail Express Commercial Plus Prices for Priority Mail Express Contract Packages or prevailing First-Class Package Service - Commercial published prices for First-Class Package Service - Commercial Contract Packages, where applicable, for the subsequent Contract Quarter.

Example 1: Customer ships a quarterly average of [REDACTED] Priority Mail Express Total Packages and [REDACTED] First-Class Package Service - Commercial Total Packages during the period July 1, 2018 through September 30, 2019. Customer would be subject to reverting to prevailing Priority Mail Express Commercial Plus Prices and would receive Tier 1 First-Class Package Service Contract Prices for the period October 1, 2019 through December 31, 2019.

Example 2: Customer ships a quarterly average of [REDACTED] Priority Mail Express Total Packages and [REDACTED] First-Class Package Service - Commercial Total Packages during the period July 1, 2018 through September 30, 2019. Customer would be subject to reverting to prevailing First-Class Package Service - Commercial published prices and would pay Tier 1 Priority Mail Express Contract Prices for the period October 1, 2019 through December 31, 2019.

G.

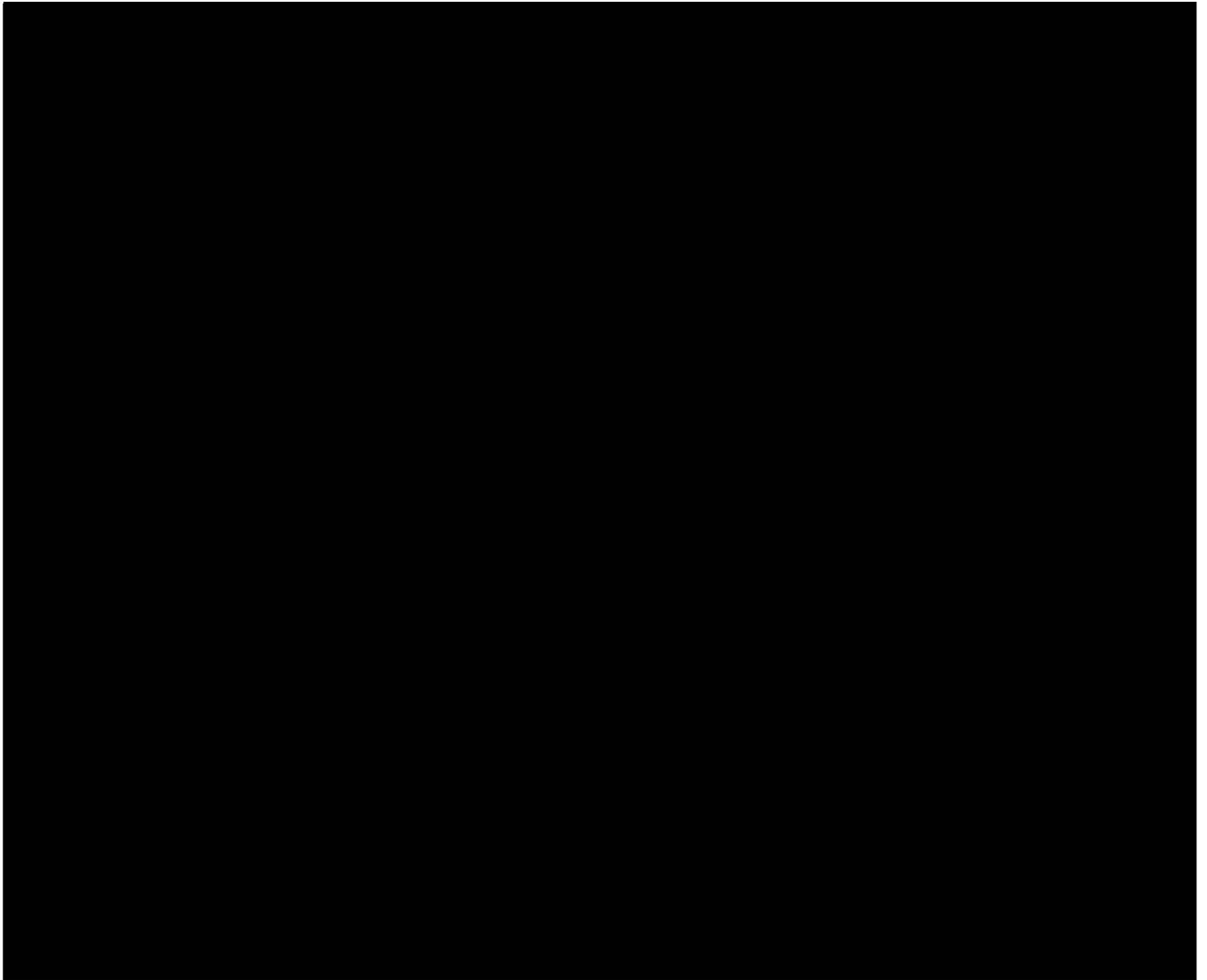
Table D

| Total Priority Mail Express (“PME”) Packages | |
|--|--|
| Period 1 | Tier Determination (October 1, 2017 – September 30, 2018) |
| Quarter 1 | N/A |
| Quarter 2 | Tier 2 |
| Quarter 3 | Tier 2 |
| Quarter 4 | Tier 2 |
| Period 2 | Tier Determination (October 1, 2018 – September 30, 2019) |
| Quarter 1 | Total PME Packages Shipped (Period 1 Q4) ÷ 1 |
| Quarter 2 | Total PME Packages Shipped (Period 1 Q4 + Period 2 Q1) ÷ 2 |
| Quarter 3 | Total PME Packages Shipped (Period 1 Q4 + Period 2 Q’s 1&2) ÷ 3 |
| Quarter 4 | Total PME Packages Shipped (Period 1 Q4 + Period 2 Q’s 1,2&3) ÷ 4 |
| Period 3 | Tier Determination (October 1, 2019 – September 30, 2020) |
| Quarter 1 | Total PME Packages Shipped (Period 2 Q’s 1,2,3&4) ÷ 4 |
| Quarter 2 | Total PME Packages Shipped (Period 2 Q’s 2,3&4 + Period 3 Q1) ÷ 4 |
| Quarter 3 | Total PME Packages Shipped (Period 2 Q’s 3&4 + Period 3 Q’s 1&2) ÷ 4 |
| Quarter 4 | Total PME Packages Shipped (Period 2 Q4 + Period 3 Q’s 1,2&3) ÷ 4 |
| Period 4 | Tier Determination (October 1, 2020 – January 21, 2021) |
| Quarter 1 | Total PME Packages Shipped (Period 3 Q’s 1,2,3&4) ÷ 4 |
| Quarter 2 | Total PME Packages Shipped (Period 3 Q’s 2,3&4 + Period 4 Q1) ÷ 4 |

Table E

| Total First-Class Package Service (“FCPS”) – Commercial Packages | |
|--|--|
| Period 1 | Tier Determination (October 1, 2017 – September 30, 2018) |
| Quarter 1 | N/A |
| Quarter 2 | Tier 2 |
| Quarter 3 | Tier 2 |
| Quarter 4 | Tier 2 |
| Period 2 | Tier Determination (October 1, 2018 – September 30, 2019) |
| Quarter 1 | Total FCPS – Commercial Packages Shipped (Period 1 Q4) ÷ 1 |
| Quarter 2 | Total FCPS – Commercial Packages Shipped (Period 1 Q4 + Period 2 Q1) ÷ 2 |
| Quarter 3 | Total FCPS – Commercial Packages Shipped (Period 1 Q4 + Period 2 Q’s 1&2) ÷ 3 |
| Quarter 4 | Total FCPS – Commercial Packages Shipped (Period 1 Q4 + Period 2 Q’s 1,2&3) ÷ 4 |
| Period 3 | Tier Determination (October 1, 2019 – September 30, 2020) |
| Quarter 1 | Total FCPS – Commercial Packages Shipped (Period 2 Q’s 1,2,3&4) ÷ 4 |
| Quarter 2 | Total FCPS – Commercial Packages Shipped (Period 2 Q’s 2,3&4 + Period 3 Q1) ÷ 4 |
| Quarter 3 | Total FCPS – Commercial Packages Shipped (Period 2 Q’s 3&4 + Period 3 Q’s 1&2) ÷ 4 |
| Quarter 4 | Total FCPS – Commercial Packages Shipped (Period 2 Q4 + Period 3 Q’s 1,2&3) ÷ 4 |
| Period 4 | Tier Determination (October 1, 2020 – January 21, 2021) |
| Quarter 1 | Total FCPS – Commercial Packages Shipped (Period 3 Q’s 1,2,3&4) ÷ 4 |
| Quarter 2 | Total FCPS – Commercial Packages Shipped (Period 3 Q’s 2,3&4 + Period 4 Q1) ÷ 4 |

H. Custom Priority Mail Express and First-Class Package Service – Commercial
Contract Package Price Tables.



IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: _____

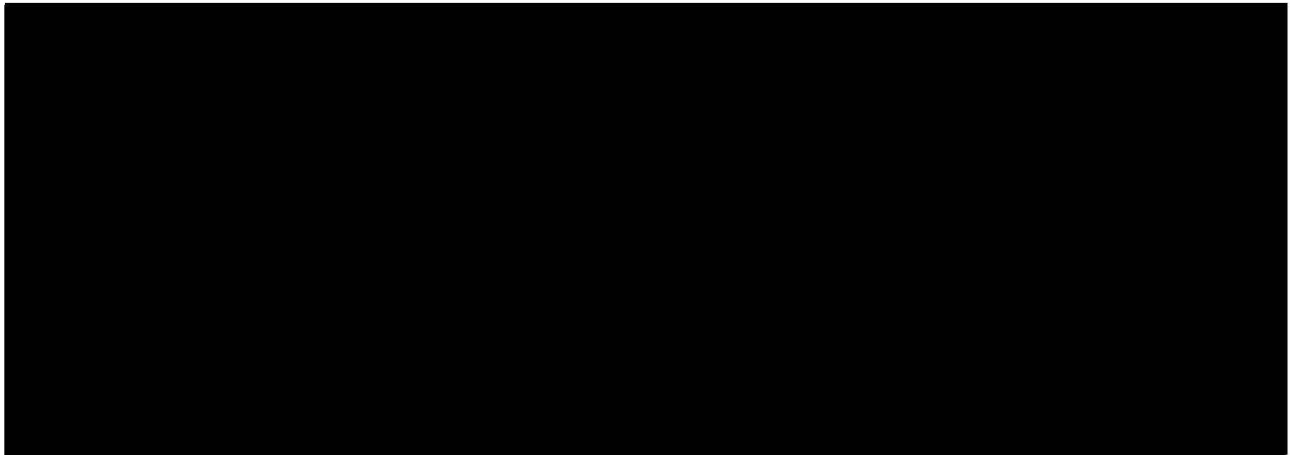
Dennis Nicoski

Printed Name: Dennis Nicoski

Title: Senior Vice President, Sales and Customer Relations

Date: _____

5/23/18



ATTACHMENT B
SIGNED CERTIFICATION

**Certification of Prices for Amendment to Priority Mail Express &
First-Class Package Service Contract 2**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Express & First-Class Package Service Contract 2. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

**Steven
Phelps**

Digitally signed by Steven Phelps
DN: cn=Steven Phelps, o=Pricing
and Costing, ou=Pricing,
email=steven.r.phelps@usps.gov,
c=US
Date: 2018.06.25 17:01:45 -04'00'

Steven R. Phelps